



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

Cynthia Bridges
Executive Director
www.boe.ca.gov

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**Contact: Jaime Garza
916-327-8988**

New Law Requires Out-of-State Retailers to Collect Use Tax Consumers to See Tax at Point-of-Sale for Online Purchases

Sacramento – Beginning September 15, 2012, a new law takes effect ([Stats. 2011, ch. 313 \(AB 155\)](#)) that expands the types of out-of-state retailers required to register with the California State Board of Equalization (BOE) and requires them to begin collecting and remitting use tax on sales of tangible personal property to California consumers. The law applies to out-of-state retailers that have substantial nexus with California consumers. This includes any out-of-state retailer that has sold more than \$1 million to California consumers in the past year and has had more than \$10,000 in sales referred by an affiliate operating in California.

The BOE is sending letters to more than 200 out-of-state retailers notifying them about the new law. Retailers will be able to easily register online with the BOE's secure and innovative electronic registration system ([eReg](#)) and remit the tax collected by e-filing their returns.

AB 155 does not create a new tax — the [California Use Tax](#) has been on the books since 1935. It expands the types of out-of-state retailers required to collect the use tax. When AB 155 takes effect September 15, some additional out-of-state retailers, including Internet retailers, will collect the use tax at the point of sale, and California consumers will begin to see the tax on their bills.

However, if out-of-state retailers do not collect the tax, California consumers must continue to report and pay their use taxes. Consumers can pay directly to the BOE using [eReg](#) or pay on their California income tax returns with the option of using the [Use Tax Lookup Table](#).

AB 155 is expected to help the BOE collect tens of millions of dollars in use tax that will help pay for services such as public safety, schools and health care. The BOE does not have a precise estimate because AB 155 is a new law.

For more information on California's new use tax registration and collection requirements, visit:

- [Sales and Use Tax Regulation 1684 - Collection of Use Tax by Retailers](#)
- [New Use Tax Collection Requirements for Out-of-State Retailers Operative September 15, 2012 – Frequently Asked Questions](#)

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Retailers with questions please contact the BOE Out-of-State Office at 916-227-6600.

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Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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